

Message Text

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E.O. 11652: NA

TAGS: EGEN ECLA CO

SUBJECT: ECLA EXPERTS MEETING

REF: STATE 48185

1. SUMMARY: ECLA COMMITTEE OF HIGH-LEVEL GOVERNMENT EXPERTS CONSIDERED LATIN AMERICA'S ROLE IN THE NEW WORLD ECONOMIC ORDER FOR FOUR DAYS WITHOUT CAUSING MUCH OF A STIR. THEIR FINAL DOCUMENT PUTS HEAVY EMPHASIS ON THE DESIREABILITY OF COMMODITY PRODUCER ASSOCIATIONS AND THEIR REJECTION OF THE RESTRICTIONS ON THE US GENERALIZED SYSTEM OF PREFERENCES. COLOMBIAN PRESIDENT LOPEZ CLOSED THE MEETING WITH A SHORT SPEECH THAT SEEMED TO DEFEND GSP IN LARGE PART BUT WHICH ALSO CONTAINED SOME MIDLY CRITICAL RHETORIC AS DEMANDED BY THE OCCASION. ALL IN ALL THE MEETING APPARENTLY WAS ROUTINE AND AVOIDED ISSUES THAT COULD HAVE BEEN CONTROVERSIAL AMONG THE PARTICIPANTS. END SUMMARY.

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2. THE FINAL DOCUMENT OF THE MEETING, WHICH IS TO BE

PRESENTED TO ECLA'S PLENARY SESSION THIS MAY IN PORT OF SPAIN, IS STRONGLY AT ODDS WITH THE OPEC CLAUSE OF THE U.S. TRADE ACT. THE GROUP OF EXPERTS RECOMMEND THAT LATIN AMERICAN AND OTHER DEVELOPING COUNTRIES EXPLORE ALL POSSIBILITIES OF FORMING PRODUCER ASSOCIATIONS WITH PRICE POLICIES OF JUST REMUNERATION FOR BASIC COMMODITIES. THEY FURTHER HOLD THAT REGULATED STOCKS OF BASIC COMMODITIES ARE AN URGENT NECESSITY, AND THAT MEANS OF FINANCING SUCH STOCKS MUST BE EXPLORED.

3. THE GSP SECTION OF THE TRADE ACT IS ROUNDLY CRITICIZED AS PROTECTIONIST AND ECONOMICALLY COERCIVE. THE GSP RESTRICTIONS ARE ESPECIALLY SERIOUS, IT IS SAID, BECAUSE OF THE IMPORTANCE OF THE U.S. MARKET FOR MOST LATAMS. THE U.S. EXECUTIVE BRANCH IS EXHORTED TO EXERCISE ITS DISCRETIONARY AUTHORITY ON GSP LIBERALLY. THE EXPERTS ENERGETICALLY REJECT GSP LIMITATIONS BASED ON PRODUCER ASSOCIATIONS OR EXPROPRIATION OF FOREIGN INVESTMENT. ON THE CONTRARY, THE DOCUMENT SAYS THAT LATAMS MUST CONTINUE TO EXPAND THEIR EXPORTS OF MANUFACTURERS, AND SHOULD BE COMPENSATED FOR THEIR INITIAL DISADVANTAGE IN WORLD MARKETS.

4. OTHER RECOMMENDATIONS SEEK TO LINK MONETARY REFORM TO RESOURCE TRANSFERS TO THE LEAST DEVELOPED COUNTRIES, SUPPORT DRAWING UP A CODE OF CONDUCT FOR MULTINATIONAL CORPORATIONS, SUGGEST THE CREATION OF LATIN AMERICAN MULTINATIONALS, FAVOR REGIONAL POOLING OF INFORMATION ON TRANSFER OF TECHNOLOGY, AND URGE REGIONAL COOPERATION GENERALLY.

5. THE CLOSING SPEECH BY PRESIDENT LOPEZ WAS MIDLY CRITICAL OF THE U.S AND THE DEVELOPED WORLD, AND EVOKED THE MEMORY OF VINA DEL MAR WHICH HE ATTENDED AS FOREIGN MINISTER. HE CITED FREQUENT ECONOMIC POLICY CHANGES BY DEVELOPED COUNTRIES AS A SERIOUS PROBLEM FOR LDC PLANNERS. HIS REMARKS ON THE TRADE ACT WERE IN A DIFFERENT VENEZUELA THAN THE EXPERTS DOCUMENT. HE NOTED THAT WHEN COLOMBIA FIRST SUPPORTED THE IDEA OF PREFERENCES, OTHER LATINS WORRIED THAT IT WOULD INCREASE ECONOMIC LIMITED OFFICIAL USE

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DEPENDENCE ON THE U.S. NOW THAT GSP HAS BEEN ENACTED, HE SAID, THE COMPLAINTS ARE NOT THAT IT WILL INCREASE DEPENDENCE BUT THAT IT IS TOO RESTRICTED. LOPEZ NOTED THAT IN CONTRAST TO LATIN AMERICA, AFRICA AND ASIA ARE NOT PROTESTING GSP, SIGNIFYING IN HIS VIEW THAT THAT LATAM THINK THEY DESERVE THE KIND OF PREFERENTIAL TREATMENT THAT AFRICANS AND ASIANS ALREADY RECEIVE.

6. PRESIDENT LOPEZ THEN ASSERTED THAT WHILE ECONOMIC INTEGRATION HAD BEEN ENCOURAGED BY THE U.S., IT IS NOW A DISADVANTAGE UNDER THE TRADE ACT. THIS IS SO, HE SAID, BECAUSE INTEGRATING COUNTRIES MAY BE CONSIDERED CARTELS WITH REGARD TO COMMODITIES, AND MAY BE AGGREGATED TO DETERMINE QUOTAS FOR MANUFACTURES. HE WENT ON TO SUPPORT THE IDEA OF LATIN AMERICAN MULTINATIONAL CORPORATIONS CAPABLE OF ACQUIRING MODERN TECHNOLOGY. FINALLY, HE DECLARED THAT LATAMS ARE MATURE ENOUGH TO EMANCIPATE THEMSELVES IN TWO BASIC AREAS: BY CREATING MULTINATIONAL SHIPPING AND AIRLINE FLEETS, AND AGREEING TO A PAYMENTS UNION THAT WILL LIBERATE THEM FROM THE NECESSITY OF USING NON-LATIN CURRENCIES AS REFERENCE POINTS NOW THAT "THE DOLLAR HAS DISAPPEARED AS THE UNIVERSAL STANDARD".

7. ECLA EXECUTIVE SECRETARY IGLESIAS WAS THE ONLY BIG NAME TO ATTEND THE MEETING. MOST OF THE OTHERS WERE SUB-MINISTERIAL OFFICIALS FROM CAPITAL CITIES OR MERELY REPRESENTATIVES OF LOCAL EMBASSIES. THERE WAS APPARENTLY LITTLE EXCITEMENT DURING THE MEETING. THE MOST UNUSUAL OCCURRENCE WAS PROBABLY A NEWSPAPER REPORT THAT AT A JOINT PRESS CONFERENCE WITH OTHER DELEGATIONS, CUBAN DELEGATE OSCAR PINO SANTOS WAS SO OVERCOME BY ALL THE LATIN SOLIDARITY AND CAPITALIST-SOCIALIST COEXISTENCE THAT HE HAD TO RETIRE DISCREETLY WITH TEARS IN HIS EYES.

8. EDITORIAL COMMENTS IN BOGOTA TWO LEADING DAILIES, EL TIEMPO AND EL ESPECTADOR, SEE NEW ERA IN U.S.-LATIN AMERICAN RELATIONS FLOWING FROM SECRETARY KISSINGERS HOUSTON SPEECH, THE LINOWITZ REPORT, ASSISTANT SECRETARY ROGERS LATIN AMERICAN TRIP, ECLA'S CONCLUSIONS, AND PRESIDENT LOPEZ SPEECH. BOTH PAPERS SAY NEW ERA IS CHARACTERIZED BY LESS DEPENDENCE ON THE U.S. GREATER LIMITED OFFICIAL USE

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LATIN AMERICAN SELF ASSURANCE, AND US ACCEPTANCE OF THESE CHANGES.

9. COMMENT: THE ROLE OF PETROLEUM IN CREATING TODAY'S ECONOMIC PROBLEMS IS NOT MENTIONED IN THE FINAL DOCUMENT. ITS ONLY RECOGNITION, SO FAR AS WE KNOW, CAME FROM THE PERUVIAN DELEGATE WHO DENIED AT A PRESS CONFERENCE THAT PETROLEUM PRICES WERE THE CAUSE OF THE CRISIS. NO INTRAMURAL QUARRELS SURFACED EVEN INVOLVING THE CHILEANS AND CUBANS. BUT THEN LITTLE CONTROVERSY WOULD BE LIKELY IN THIS FORUM FROM A CONCLUSION THAT COMMODITY CARTELS ARE GOOD AND THAT LATIN AMERICANS SHOULD FACE EVOLVING WORLD CONDITIONS WITH MUCH THE SAME ATTITUDES THAT HAVE BEEN ACCEPTABLE TO THEM FOR SEVERAL YEARS. PRESIDENT LOPEZ COMMENTS ON THE IMPACT OF GSP IN INTEGRATION EFFORTS ECHO THE LINE

THAT FINANCE MINISTER BOTERO HAS TAKEN IN PRIVATE
CONVERSATIONS WITH THE AMBASSADOR. WHEN WE QUESTIONED
DEVELOPMENT MINISTER JORGE RAMIREZ ABOUT THE RESULTS
OF THE CONFERENCE HE REMARKED THAT THE FINAL RESOLUTION
WAS "SIMPLY ANOTHER ECLA DOCUMENT" BUT THAT SEVERAL OF
ITS PROPOSALS WERE WORTHY OF FURTHER CONSIDERATION.
RAMIREZ HAS ESPECIALLY SUPPORTED THE CONCEPT OF LATIN
AMERICAN MULTINATIONAL CORPORATIONS.
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